

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF JESSAMINE COUNTY)
WATER DISTRICT NO 1 FOR (1) A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, AUTHORIZING AND)
PERMITTING SAID WATER DISTRICT TO)
CONSTRUCT WATERWORKS DISTRIBUTION)
SYSTEM IMPROVEMENTS, CONSISTING)
OF AN ELEVATED STORAGE TANK, WITH)
PUMPING STATION AND APPURTENANCES)
AND APPROXIMATELY 3,000 FEET OF)
WATER TRANSMISSION LINES; (2))
APPROVAL OF THE PROPOSED PLAN OF)
FINANCING SAID PROJECT; AND (3))
APPROVAL OF INCREASED WATER)
RATES PROPOSED TO BE CHARGED BY)
THE DISTRICT TO ITS CUSTOMERS)

CASE NO. 9277

O R D E R

IT IS ORDERED that Jessamine County Water District No. 1 shall file an original and eight copies of the following information with the Commission with a copy to all parties of record within 3 weeks of the date of this Order. If neither the requested information nor a motion for extension of time is filed by the stated date, the case may be dismissed.

1. What period of time is covered by pages 1 and 2 of the printout in Exhibit 5 showing water usage of less than 100,000 gallons?

2. These sheets show the number of bills designated as old and new. Do the old bills represent the number of bills during the test period and the new current bills or anticipated bills? Please explain.

3. Does the revenue shown for old rates represent test year normalized for current rates? If not, explain.

4. If revenue at existing rates is normalized test year revenue, why were computations made using the number of new bills rather than test year (old) bills?

5. It appears that the mid range was utilized at each usage level (2,100-3,000, level used was 2500) in computing proposed revenue. The mid level was also used for some levels in computing revenue at old rates and existing rates; however, for usage levels from 3100-11,000, varying levels were used, and for each usage level from 30,100 to 100,000 the level used was 2,000 gallons more than that used for proposed revenue. Please explain.

6. There are 41 fewer new bills shown than old bills. Has the District lost customers since the test year?

7. Are any new customers anticipated as a result of the new construction? If so, provide the number expected to be added and estimated average usage.

8. In Exhibit 5, the printout sheet showing usage over 100,000 gallons lists customers with a varying number of bills as follows:

| | <u>No. Bills</u> | <u>Total Usage</u> |
|----------------------------|------------------|--------------------|
| Lexington Drive-In Theatre | 2 | 211,000 |
| Brent Walker | 1 | 102,850 |
| Fapsco | 1 | 110,050 |
| Windmill Motel | 5 | 638,300 |
| Winges Mixed Concrete | 10 | 2,051,300 |
| Lexington Quarry | 5 | 1,015,600 |
| Oval Carpenter | 3 | 354,280 |
| Robert Lowery | 1 | 154,900 |
| Crause Concrete | 3 | 641,400 |
| William Dale | 1 | 173,400 |

- (a) Do these represent total bills and usage during the test year for these customers?
- (b) Are these new customers who will be ongoing customers with monthly billings in the future?
- (c) If so, can the usage shown be utilized for determining an average for purposes of calculating future revenue on a 12 month basis?
- (d) Have any adjustments been made on a 12 month basis for these customers in determining proposal revenue? Explain.
- (e) If the answer to (b) above is no, please explain the varying number of bills for these customers.

9. Do any of the large meter customers use less than the minimum established for the meter size? If so explain.

10. Provide a schedule showing usage by month for each trailer court and multiple user during the test year.

11. Explain how bills were calculated for these customers during the test year.

12. According to the FmHA letter of conditions, Jessamine County is to contribute \$100,000 of its own money toward the proposed project which is broken down further in Exhibit 17 as \$50,000 from Jessamine County and \$50,000 from a local developer. What is Jessamine County's source of its \$50,000 and is the \$50,000 from the developer contributions in aid of construction? If it is not, then what are the conditions of repayment?

13. Provide detailed breakdowns and/or explanations of the following expenses (items less than \$50 may be grouped and repetitive or like items may be consolidated and shown as a single or combined amount):

| | |
|-----------------------------|----------|
| Maintenance of Meters | \$ 4,301 |
| Office Supplies and Expense | \$ 5,040 |
| Professional Fees | \$ 3,080 |
| Bookkeeping | \$10,499 |
| EPA Monitoring | \$ 6,744 |

14. Provide the name(s) of all employee(s), a full description of the duties performed, estimated time per week or test period performing those duties, and the hourly wage and/or base salary paid for their duties. (List the employee(s) by account in which his (their) salary is included and provide a total of that account. Any allocation of salaries between accounts should be provided).

15. What criteria does Jessamine County use in capitalizing expenditures?

16. It has been the practice of the Commission to accept only known and measurable adjustments to test period expenses. Exhibit 5 of the application contains a comparative income statement with pro forma adjustments. Although, Jessamine County has attempted to justify a portion of its pro forma adjustments, the staff considers it to be inadequate taken on a whole. Therefore please review the pro forma adjustments and provide any additional back-up (work papers, documented estimates, invoices, assumptions, etc.,) which better supports the proposed adjustments to test period expenses and revenues.

17. The following are in reference to the purchased water expense in the amount of \$47,709. (If available please supply by month and in total for the test period):

- a. Water purchase in gallons and cost.
- b. Water sold in gallons and amount.
- c. Water used by company in gallons.
- d. Water used for fire protection.
- e. Unaccounted for water in gallons.

18. In reference to Jessamine County's proposed increases to the connection charges, has Jessamine County looked for alternative companies that might supply their meters and supplies at a lower cost? If so provide your findings. If not explain why not?

19. Provide the test period operating revenues and expenses by months.

20. Provide what effect the proposed rates will have on Jessamine County's average customer.

21. The Commission has taken note that the financial and related data fall outside of the required 90 day period. Therefore, the Commission advises Jessamine County to either file for a deviation from the 90 day time period or file updated financial and related data that are within 90 days of the filing date. The Commission will accept the 12 months ended September, 1984 as the test period in this proceeding at this time and advises Jessamine County that it may substitute its 1984 Annual Report for the 90 day requirement.

Secretary